

**D16A06**  
**Secretary of State**

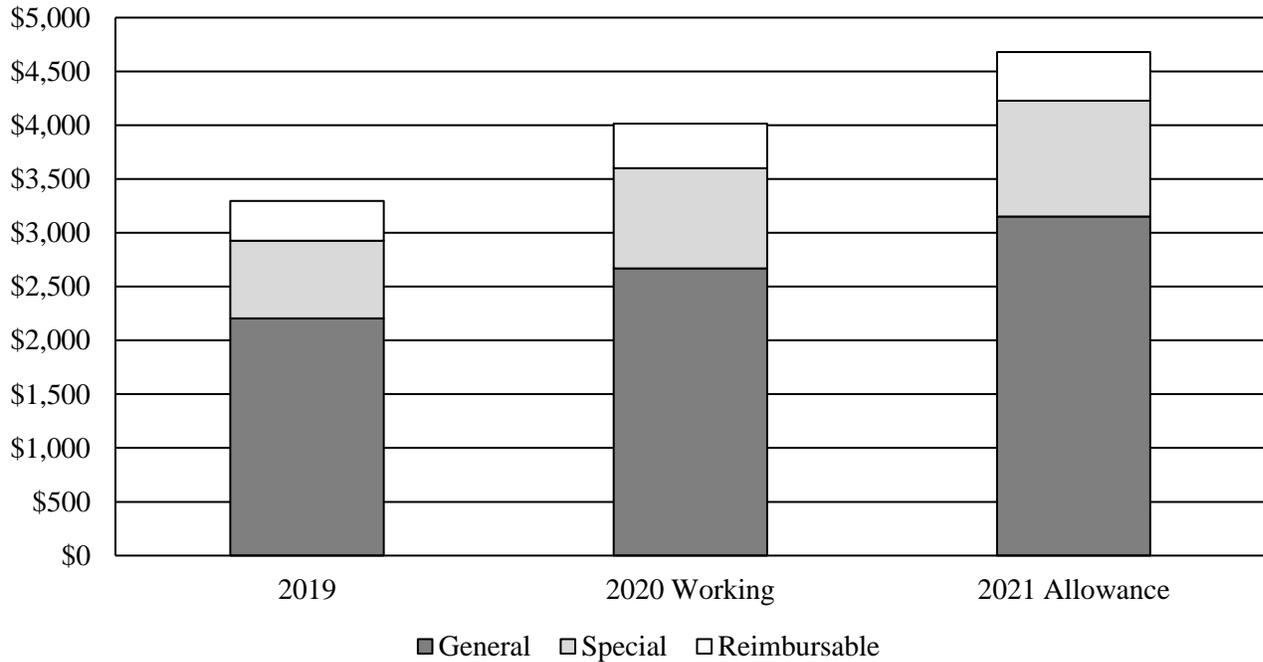
**Program Description**

The Secretary of State is responsible for a variety of executive functions, including attesting to the Governor’s signature on all public papers and documents, executive orders, extraditions and requisitions, and pardons and commutations. Additional duties and responsibilities of the Office of the Secretary of State include certifying documents for international use, registering trademarks, administering the State’s Notary Public laws, regulating charitable organizations, administering the Address Confidentiality Program (ACP) for domestic violence victims, and publishing administrative regulations in the Maryland Register and the Code of Maryland Regulations. Additionally, the International Division is responsible for hosting international events and delegations, facilitating international relationships through a variety of meetings and contacts, and facilitating the Governor’s Subcabinet for International Affairs and the Maryland Sister States Program.

***Operating Budget Summary***

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**Budget Increases by \$665,000 or 16.5% to \$4.7 Million in Fiscal 2021**  
**(\$ in Thousands)**



Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

- The adjusted fiscal 2021 allowance increases by \$665,000, or 16.5%, from the adjusted fiscal 2020 working appropriation, driven by the addition of new contractual staff positions and an increase in contractual services related to the notary database replacement required in order to meet provisions of Chapter 407 of 2019.

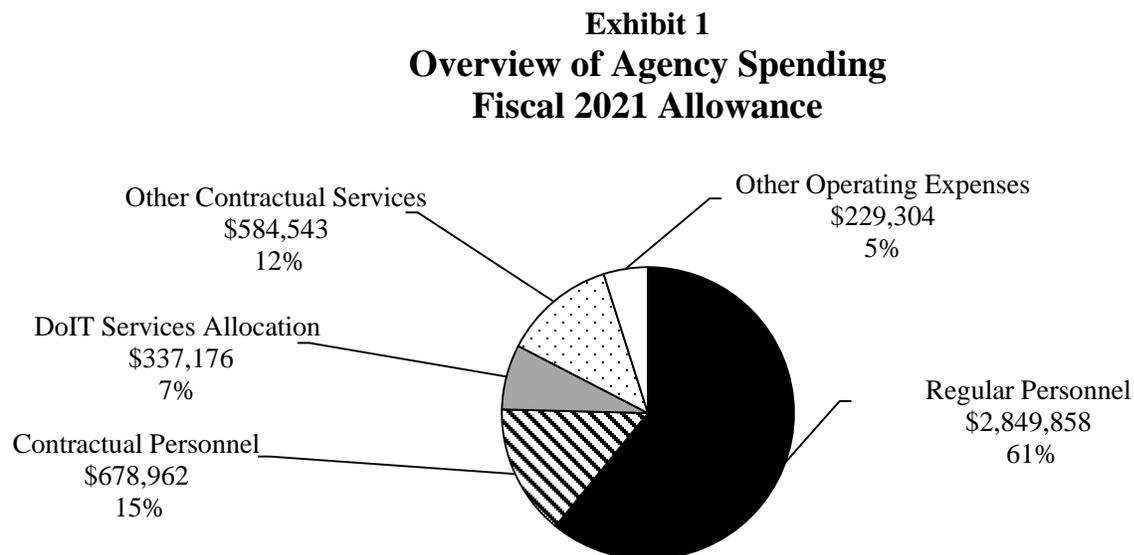
## Fiscal 2020

### Proposed Deficiency

There is a proposed fiscal 2020 deficiency appropriation for the Office of the Secretary of State of \$87,269 for salary expenses.

## Fiscal 2021 Overview of Agency Spending

The total adjusted fiscal 2021 allowance for the Office of the Secretary of State is \$4,680,000. As shown in **Exhibit 1**, the majority of the budget covers personnel costs. Regular personnel expenses make up \$2,849,858, or 61% of the budget, and contractual personnel expenses make up an additional \$678,962, or 15%. Operating costs for the agency are made up mainly of contract spending with the Department of Information Technology (DoIT) shared services allocation at \$337,176, or 7% of the total budget, and other contracts at \$584,543, or 12% of the budget, \$364,000 of which are contracts for the notary database replacement.



DoIT: Department of Information Technology

Source: Governor's Proposed Budget

## Proposed Budget Change

As shown in **Exhibit 2**, the adjusted fiscal 2021 allowance increases by a total of \$665,000, or 16.5%, from the adjusted fiscal 2020 working appropriation. This increase consists primarily of a \$364,000 increase in contracts for the notary database replacement, in addition to new contractual notary officer positions. Chapter 407 modified existing law related to notaries public in Maryland, including expanding current notarization practices to include remote and electronic notarization practices in specific instances. In these cases, a notary public located in Maryland would use communication technology to perform a notarial act for a remotely located individual. The legislation also authorized the performance of a notarial act with respect to electronic records. The Secretary of State is to adopt the necessary regulations and implement the bill by its effective date of October 1, 2020.

**Exhibit 2**  
**Proposed Budget**  
**Secretary of State**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u></b>	<b><u>Special</u></b>	<b><u>Reimb.</u></b>	<b><u>Total</u></b>
	<b><u>Fund</u></b>	<b><u>Fund</u></b>	<b><u>Fund</u></b>	
Fiscal 2019 Actual	\$2,206	\$721	\$369	\$3,296
Fiscal 2020 Working Appropriation	2,670	930	415	4,015
Fiscal 2021 Allowance	<u>3,151</u>	<u>1,076</u>	<u>453</u>	<u>4,680</u>
Fiscal 2020-2021 Amount Change	\$481	\$146	\$38	\$665
Fiscal 2020-2021 Percent Change	18.0%	15.7%	9.1%	16.5%
<b>Where It Goes:</b>				<b><u>Change</u></b>
<b>Personnel Expenses</b>				
Employee and retiree health insurance .....				\$40
Fiscal 2021 2% general salary increase .....				22
Retirement contributions .....				16
Fiscal 2021 costs of January 1, 2020 general salary increase.....				11
Turnover adjustments .....				10
Regular salaries and reclassification.....				-31
<b>Other Changes</b>				
Contractual services – contracts for notary database replacement .....				364
3.5 new contractual full-time equivalent positions.....				198
Software licenses .....				67
Department of Information Technology services allocation .....				-60
Other .....				28
<b>Total</b>				<b>\$665</b>

Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

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The agency notes that there are many complexities and costs involved in creating a new system for remote and electronic notarizations to meet the requirements of the legislation by October 1, 2020. Due to the current state of the agency’s legacy information technology systems, replacement of the notary database is required because the current system cannot handle the new applications necessary to meet the requirements for electronic and remote notarization. Additional staff are also needed due to these complexities and existing understaffing in the agency, and the fiscal 2021 allowance includes 3.5 additional contractual notary officer positions. These new contractual positions make up an additional increase of \$197,826 to the fiscal 2021 allowance.

***Personnel Data***

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	<b><u>FY 19 Actual</u></b>	<b><u>FY 20 Working</u></b>	<b><u>FY 21 Allowance</u></b>	<b><u>FY 20-21 Change</u></b>
Regular Positions	25.00	26.00	26.00	0.00
Contractual FTEs	<u>7.00</u>	<u>8.50</u>	<u>12.00</u>	<u>3.50</u>
<b>Total Personnel</b>	<b>32.00</b>	<b>34.50</b>	<b>38.00</b>	<b>3.50</b>

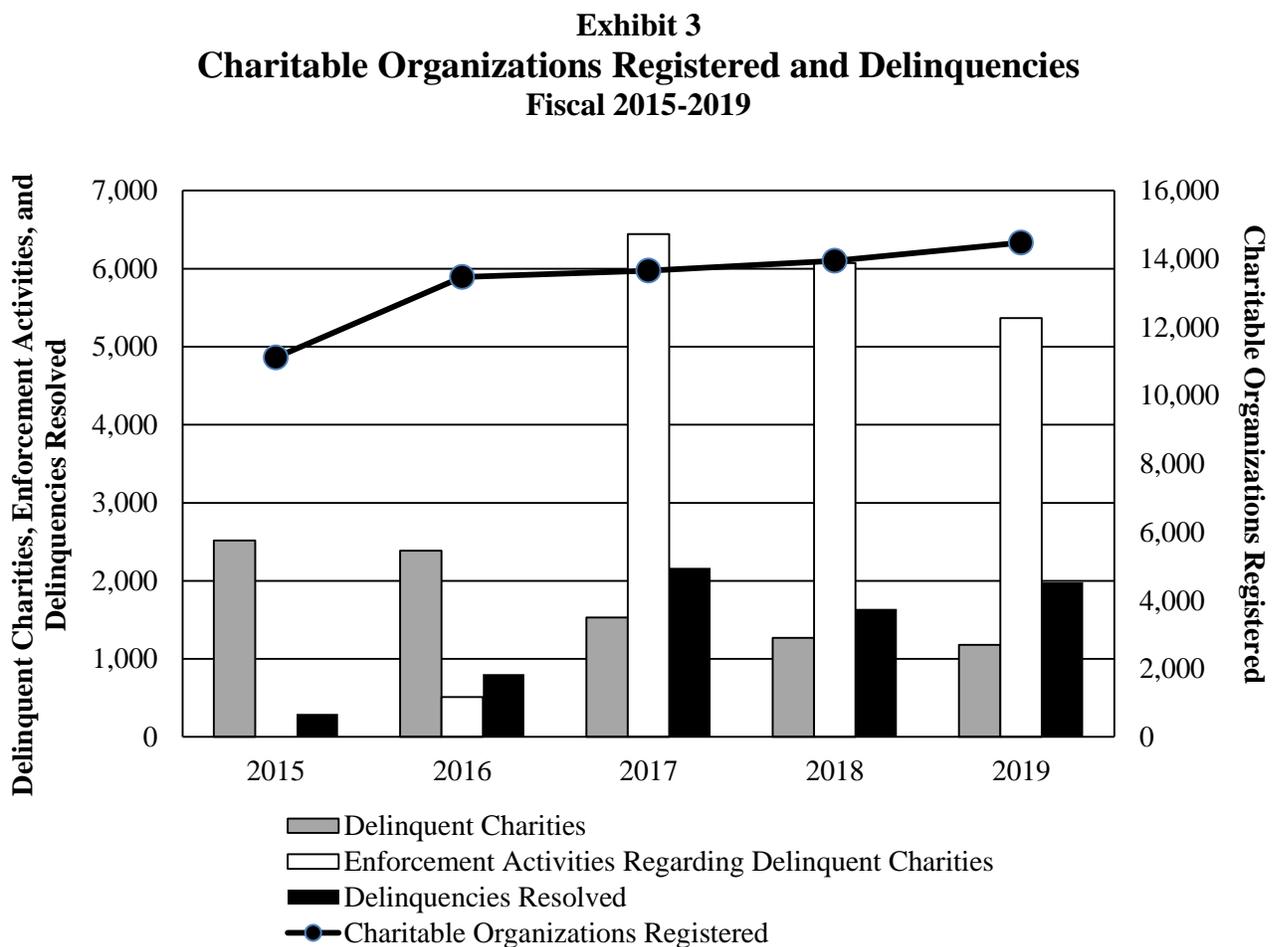
***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/19	0.00	0.00%
Vacancies Above (Below) Turnover	0.00	

## Key Observations

### 1. Charitable Organizations

The Charities and Legal Services Division is responsible for annually registering, regulating, and renewing registrations of charitable organizations in Maryland. This includes the review of each organization’s financial and governing documents as well as the review of all fund-raising contracts. The number of charities registered has continued to trend upward since fiscal 2015, reaching 14,472 organizations in fiscal 2019. During the same time period, the number of delinquent charities has decreased each fiscal year. **Exhibit 3** shows these trends as well as the number of enforcement activities regarding delinquent charities and the total number of delinquencies resolved among charitable organizations.

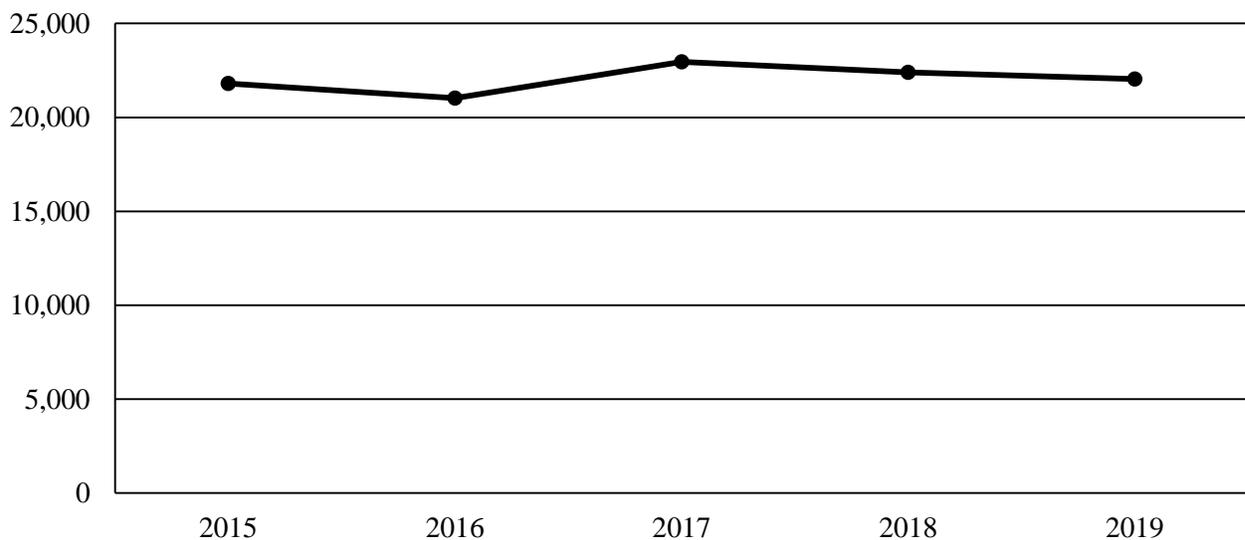


Source: Managing for Results, Office of the Secretary of State

## 2. Notary Public Commissions Processed

The Charities and Legal Services Division is also responsible for processing applications for notary public commissions in Maryland. As shown in **Exhibit 4**, the number of notary public commissions processed has seen some fluctuation in prior years but has generally ranged between 21,000 and 23,000. In fiscal 2019, the division processed 22,035 notary public commissions.

**Exhibit 4**  
**Notary Public Commissions Processed**  
**Fiscal 2015-2019**

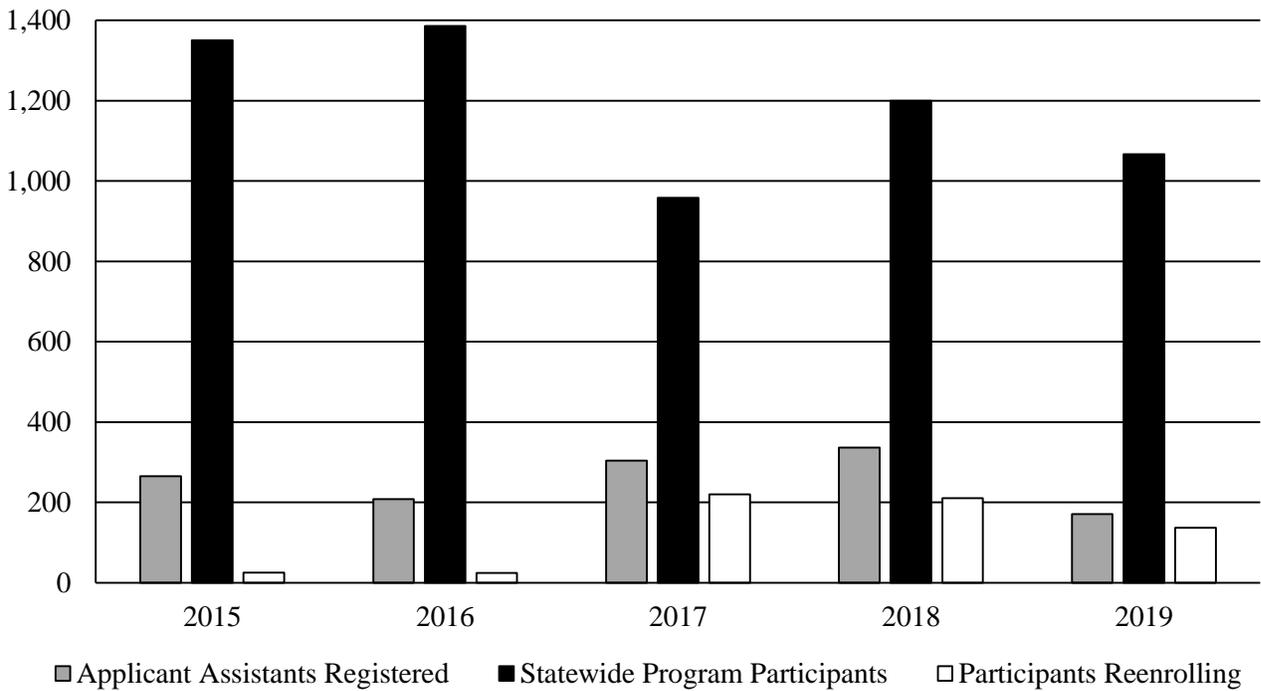


Source: Managing for Results, Office of the Secretary of State

## 3. ACP Participation

The Office of the Secretary of State is responsible for operating the Maryland Safe at Home ACP that was established by Chapters 374 and 375 of 2006 to serve survivors of domestic abuse by rerouting their mail so that their address can remain confidential. **Exhibit 5** shows the number of program participants, the number of participants reenrolling, and the number of application assistants registered (individuals trained to assist potential participants in enrolling). The number of program participants statewide declined in fiscal 2019 to 1,067 individuals. The number of participants reenrolling also declined, which can be attributed to individuals either no longer needing the program or moving out of state. Both of these measurements tend to fluctuate from year to year. The number of participants reenrolling in the program was 137 individuals in fiscal 2019. The number of applicant assistants registered was 171 individuals in fiscal 2019.

**Exhibit 5**  
**Address Confidentiality Program Participation**  
**Fiscal 2015-2019**



Source: Managing for Results, Office of the Secretary of State

## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

**Appendix 1  
Object/Fund Difference Report  
Secretary of State**

<u>Object/Fund</u>	<u>FY 19 Actual</u>	<u>FY 20 Working Appropriation</u>	<u>FY 21 Allowance</u>	<u>FY 20 - FY 21 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	25.00	26.00	26.00	0.00	0%
02 Contractual	7.00	8.50	12.00	3.50	41.2%
<b>Total Positions</b>	<b>32.00</b>	<b>34.50</b>	<b>38.00</b>	<b>3.50</b>	<b>10.1%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 2,529,143	\$ 2,682,943	\$ 2,805,794	\$ 122,851	4.6%
02 Technical and Spec. Fees	363,326	481,136	678,962	197,826	41.1%
03 Communication	78,716	78,232	67,582	-10,650	-13.6%
04 Travel	23,341	63,126	78,530	15,404	24.4%
07 Motor Vehicles	7,197	6,040	10,240	4,200	69.5%
08 Contractual Services	199,849	551,124	921,719	370,595	67.2%
09 Supplies and Materials	34,933	29,050	37,805	8,755	30.1%
10 Equipment – Replacement	-5	5,500	6,445	945	17.2%
11 Equipment – Additional	35,102	5,500	7,086	1,586	28.8%
13 Fixed Charges	24,826	14,383	21,616	7,233	50.3%
<b>Total Objects</b>	<b>\$ 3,296,428</b>	<b>\$ 3,917,034</b>	<b>\$ 4,635,779</b>	<b>\$ 718,745</b>	<b>18.3%</b>
<b>Funds</b>					
01 General Fund	\$ 2,206,301	\$ 2,574,854	\$ 3,119,282	\$ 544,428	21.1%
03 Special Fund	721,300	926,951	1,063,469	136,518	14.7%
05 Federal Fund	0	0	0	0	0.0%
09 Reimbursable Fund	368,827	415,229	453,028	37,799	9.1%
<b>Total Funds</b>	<b>\$ 3,296,428</b>	<b>\$ 3,917,034</b>	<b>\$ 4,635,779</b>	<b>\$ 718,745</b>	<b>18.3%</b>

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.